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Prospects for Foreign Trade in

**WHEAT, RICE, FEED GRAINS,
DRY PEAS, DRY BEANS, SEEDS,**

Foreign Agricultural Service
UNITED STATES DEPARTMENT OF AGRICULTURE
MARCH 1964

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PROSPECTS FOR FOREIGN TRADE IN WHEAT, RICE, FEED GRAINS, DRY BEANS, DRY PEAS, SEEDS

GRAIN AND GRAIN PRODUCTS

World production of wheat is near record levels for 1963-64, though 6 percent below last year's alltime high. Decline from last year's record resulted from the poor crop in Western Europe and in the Soviet Union.

World trade in wheat is expected to be at record highs. Increased import demand in Europe, the Soviet Union, Japan, and Communist China is expected to raise world trade about 200 million bushels above the peak exports of 1961-62. U.S. exports are forecast at 850 million bushels, including shipments to the Soviet Union and Bloc countries.

World rice production in 1963-64 is forecast at a record of 154.3 million metric tons of rough rice, 3.9 million more than a year earlier. U.S. shipments are expected to be somewhat above those of last year because of decreased production in other exporting countries.

World feed grain production in 1963-64 is estimated at 337 million metric tons compared with 324 million in 1962. Record yields of corn in the United States, increased barley acreage in Europe, and near-record U.S. grain sorghum production provided the large feed grain supply.

This year (1963-64) is expected to be a record one for world feed grain exports despite large domestic barley and feed wheat supplies in Western Europe. World feed grain requirements are generally expanding; there is a general shortage of grains in the Soviet Bloc countries; and Japanese feed grain consumption is growing at an unprecedented rate. It is estimated that U.S. exports of corn will be above last year's level of 10.5 million tons, grain sorghum exports will remain at about the same level (3 million) and exports of barley and oats will show some decline.

Foreign Government Control of International Grain Trade

International grain trade is conducted under many government controls and restrictions. Techniques employed by individual countries vary. But the more popular means of control include tariffs, variable levies, skimmings, deficiency payments, mixing regulations, quotas, licensing and state trading. The primary objectives of these trade restrictions are generally to protect domestic farm income and to insure consumption of indigenous agricultural production. Without such restrictions, farm incomes in many countries would be sharply lower. During the years immediately after World War II, balance of payments and strategic objectives ranked high as the excuse for restrictions imposed on international grain trade. In many cases negotiated concessions such as grain tariff reductions and binding of tariffs were impaired with import licensing procedures, skimmings on imports, and mixing regulations. Balance of payments difficulties were often considered justification for these restrictions, even though concessions had been granted to the United States in tariff negotiations.

In the meantime, domestic incomes and price relations adjusted to the protection afforded by the trade restrictions. Thus, as the balance of payments justifications became less and less valid, the trade restrictions remained to protect farm income.

The preparations for the Kennedy Round suggest that the restrictions on world grain trade will no longer be essentially overlooked in the negotiations. It has been clearly stated that a satisfactory solution to agricultural trade problems is a necessary condition for the conclusion of the Kennedy Round.

It is impossible to anticipate the outcome of the negotiations. But the close link between domestic agricultural policy of importing countries and their trade policy affecting grains suggests that if the outcome of negotiations is to be satisfactory the domestic policies must be at least indirectly confronted. To do otherwise will permit continuation of present world grain trade conditions without significant liberalization.

Developments in EEC Grain Policies

The European Economic Community's (EEC's) Common Agricultural Policy (CAP) for grains has been in effect for almost two years. It was on July 31, 1962, that the members of the Community (West Germany, France, Italy, Belgium, Luxembourg, and the Netherlands) replaced, for the most part, the old forms of import restriction and price supports with the target price and import levy system.¹

With this highly protective system, the EEC has set the stage for reduced grain imports. But the ultimate effect that the levy system will have on the Community's grain imports will be determined to a large extent by the level of harmonized prices adopted by the EEC.

For the first two seasons (1962-63 and 1963-64) under the new system, Member Countries have established their own target prices within a wide range prescribed by the EEC Commission, as follows:

	<u>Upper Limits</u>		<u>Lower Limits</u>	
	1962-63	1963-64	1962-63	1963-64
	<u>U.S. dollars per metric ton</u>			
Wheat.....	118.92	118.92	89.42	89.42
Barley.....	103.06	103.06	71.42	72.17
Rye.....	108.17	108.17	65.71	67.71
Corn.....	- -	- -	62.40	65.60

The only changes in the target price limits for 1963-64 were increases in the lower limits of corn, barley and rye. This brought about some increases in French and Italian feed grain prices. The Netherlands increased feed grain target prices and also made substantial increases in wheat target prices.

¹For a description of the CAP, see last year's Prospects for Foreign Trade.

The import levies in effect for EEC grain imports averaged lower in December 1963 than in December 1962, as shown by the following average levies on wheat, barley and corn for the month of December, 1962 and 1963.

Country	<u>Wheat</u>		<u>Barley</u>		<u>Corn</u>	
	Dec. '62	Dec. '63	Dec. '62	Dec. '63	Dec. '62	Dec. '63
U.S. per metric tons						
West Germany ...	66.52	59.92	49.05	43.75	52.27	46.75
France	41.46	36.54	20.78	18.84	30.61	28.36
Italy.....	55.52	50.94	1.28	0.35	1.23	0.45
Belgium.....	44.00	39.40	25.40	20.40	23.20	18.60
Netherlands.....	39.83	39.39	18.89	15.50	13.95	13.23

Decreases in the average import levies shown above did not result from a lowering of the level of protection in the EEC countries. They were the outcome of a strengthening of world market prices and, in turn, an increase in the standardized c.i.f. prices used to calculate the import levy. Threshold prices (minimum import prices) actually increased in The Netherlands, France, and Italy, while there were slight declines in Germany and Belgium.

During 1963, the EEC was unable to agree on a harmonized price level for grain beginning with the 1964-65 season. The EEC Council, which represents national interests of Member Countries, deferred until April 15, 1964, its decision on the Community's Commission Proposal. This proposal would establish EEC target prices at a level approximately half-way between the French price--which is the lowest in the Community--and the German price--which is the highest.

Producer prices would be affected more than target prices. French producers now pay certain taxes which would be eliminated under price harmonization. Hence, while French target prices would rise only 9 percent for wheat and 16 percent for barley (over 1962-63 prices), producer prices would rise by 14 to 18 percent for wheat and 20 to 24 percent for barley. It is believed that if the EEC Commission Proposal is approved as it now stands, production in France (the EEC's surplus-producing country) would further increase its rate of expansion. Also, rising grain consumption trends (especially feed grains) would be retarded in France as well as in the relatively low-price deficit areas of Holland, Belgium and Italy. The cumulative effect of these developments would, of course, be reduced EEC grain imports.

Wheat

World Production, 1963-64

World wheat production for 1963-64 is estimated at 8,240 million bushels (224 million metric tons). This is one of the largest totals of record, although it is 6 percent below last year's alltime high.

Declines from the 1962 record output were in the Soviet Union and Western Europe. Larger outturns in other continents, especially in North America, more than offset the reduction in Western Europe; therefore, the world total, excluding the Soviet Union, is at a new high.

The 1963 wheat outturn of 1,923 million bushels in North America has been exceeded only once--in 1962 when near-record crops in Canada and the United States brought the continental total above 2 billion bushels. In 1963, Canada's harvest reached a new record of 723 million bushels, as a result of unusually favorable growing conditions and near-record acreage. Mexico also produced an alltime peak output (65.5 million bushels). The U.S. crop of 1,138 million bushels was larger than in 1962 but 9 percent below the 1958-62 average.

Western Europe's wheat production of 1,335 million bushels was 17 percent below the unprecedented 1962 crop but still above acreage. Both harvested acreage and yields were well below the record levels of 1962. Declines from the 1962 harvests were general, but more than half the loss was in France, because of heavy winterkill there. Italy and the United Kingdom also had substantial declines from their good 1962 outturns.

In Eastern Europe production was slightly larger than in 1962, mainly because of high yields reported in Yugoslavia. Acreage was slightly larger than in 1962, bringing it to a new high. Average yields for the country also set a new record.

Table 1.--WHEAT: World production by geographical division,
average 1955-59, annual 1961 to 1963

Geographical division	Average 1955-59	1961	1962	1963 ¹
	Million bushels	Million bushels	Million bushels	Million bushels
North America	1,606	1,571	1,711	1,923
Western Europe	1,313	1,265	1,611	1,335
Eastern Europe	542	600	609	625
USSR (Europe and Asia)	1,910	1,900	2,000	1,500
Asia	1,890	1,865	1,990	1,995
Africa	195	160	210	235
South America	323	265	280	310
Oceania	173	253	316	316
World total	7,955	7,880	8,730	8,240

¹ Preliminary.

Unfavorable conditions throughout the Soviet Union cut yields well below average. Acreage was smaller than in 1962 mainly because of heavy winterkill. Tentative unofficial estimates place production at only three-fourths of the 1962 outturn.

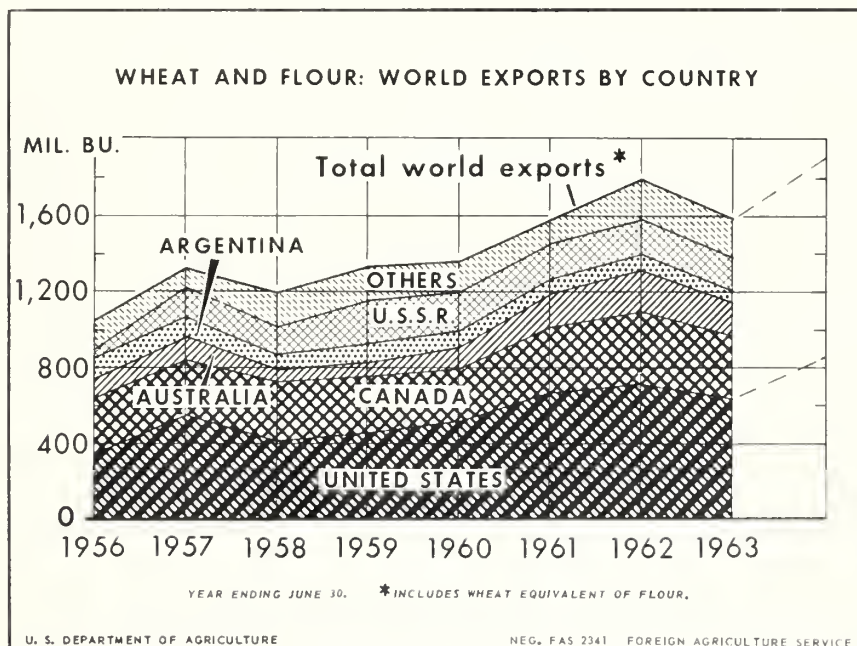
Production in Asia is estimated at a new record total of 1,995 million bushels. Record or near-record crops in Turkey, Iran, India, and Pakistan maintained the total at a high level despite sharp reductions in other Near East countries and in Japan.

A record harvest is also forecast for Africa. All of the important producing countries report record or near-record outturns. Harvests reached new highs in Egypt and Tunisia, and the one now underway in the Republic of South Africa is expected to exceed the previous peak. Near-record output is reported for Algeria and Morocco.

Harvesting is being completed in the Southern Hemisphere, and though exact outturns are not yet known, the level will be high. South America's total will be somewhat larger than in 1962, mainly because of the good harvest in Argentina, largest of recent years and about a third above the poor 1962 harvest. A record crop is forecast for Australia, with large acreage and also near-record yields forecast. Tentative estimates indicate that the outturn is about 5 percent above the previous record in 1962.

World Export Prospects, 1963-64

World trade in wheat in 1963-64 is expected to exceed 1.9 billion bushels, about 200 million bushels above the previous record level established in



1961-62. Adverse weather severely reduced crop outturns in many importing countries as well as forcing the Soviet Union--an important exporter in recent years--to import substantial quantities of wheat.

Western Europe's total crop this year is 275 million bushels below last year's record. Much of the wheat was poor in quality and too wet for milling unless dried mechanically. Dry wheat for milling became an urgent need at the beginning of the season as wet weather delayed harvesting; as a result, many European countries bought soft red wheat in the United States, the type their own production usually supplies.

The import needs of East European Bloc countries are ordinarily supplied chiefly from within the Bloc, but this year will be changed because of smaller crops.

Though total wheat output in Asia is at an alltime high, the two big importers--Japan and Communist China--still need wheat. Bad weather sharply reduced Japan's production, and its wheat import plans now call for 110 million bushels--20 percent over 1962-63 imports. Pressure may have eased somewhat in Communist China, where reports indicate that the crop may be slightly better than last year's. However, in August 1963 the Red Chinese signed a second 3-year agreement with Canada, covering 112-187 million bushels of wheat; about 36 million bushels under the agreement will be shipped in 1963-64. Communist China also purchased 44 million bushels of wheat from Australia and 10 million to 15 million bushels from Argentina for delivery in 1964.

Principal Exporting Countries

The combination of smaller crops in some exporting countries with either limited supplies or else limited ability to increase exports in others, has increased the expected level of exports from the United States to a new record.

The USSR is one of the many traditional exporting countries hit by bad weather. It usually serves as the granary for Eastern Europe and also sells wheat outside the Bloc. Heavy purchases from Canada and Australia, and cancellation of export commitments to West European countries, were the first real indications of supply problems.

France, normally a sizable supplier of wheat to other West European countries, has recently imported bread grain for milling, in addition to its usual imports of durum. Syria's crop is half of last year's and its export prospects are small. Spain will slip back to import status, and so will Italy. Sweden, in some years an exporter, needs to import wheat this year.

Three of the world's top four wheat exporters--Argentina, Australia, and Canada--in light of sales already made, have limited potential remaining for further large exports this year.

Argentina's 1962 crop was poor, and stocks on July 1 were the smallest in recent years. The current crop is yielding well and will be considerably above last season's; the export surplus may be 60 to 70 million bushels higher.

Australia had a record crop in 1962, but heavy sales to Communist China plus normal exports cut its carryover stocks to a minimum on December 1, the beginning of the new marketing season. The wheat recently purchased by the USSR will come from the crop recently harvested. That crop is even better than expected and should maintain exports at the high level of 1962-63.

Canada's excellent wheat crop brought supplies for the current season to a record high, and considerably increased amounts of wheat are available for export, but the shipments already scheduled for the Soviet Union and other customers will use railroad and port facilities to the limits.

This situation leaves the United States as the world's only country with a large and readily available wheat supply. When the 1963-64 marketing year began, the supply totaled 2.3 billion bushels. Of this, about 600 million will be needed for domestic uses, leave 1.7 billion for export and carryover. U.S.

Table 2.--WHEAT AND FLOUR: World exports by principal exporting areas, average 1956-60, 1961-62 and 1962-63

Origin	Average 1956-60		1961-62		1962-63 ¹	
	Total	Share	Total	Share	Total	Share
	<u>Million bushels</u>	<u>Percent</u>	<u>Million bushels</u>	<u>Percent</u>	<u>Million bushels</u>	<u>Percent</u>
Major exporters:						
United States.....	450	36	719	41	638	40
Canada.....	294	23	365	21	331	21
Australia	96	8	230	13	182	12
Argentina	94	7	86	5	66	4
France	60	5	68	4	110	7
USSR	153	12	186	10	177	11
South America ²	9	1	(4)	(5)	(4)	(5)
Eastern Europe	8	1	15	1	7	1
Western Europe ³	61	5	69	4	52	3
Africa	11	1	2	(5)	6	(5)
Asia	15	1	9	1	17	1
Others, unspecified ..	(4)	(5)	--	--	--	--
World total	1,251	100	1,749	100	1,586	100

¹ Preliminary. ² Excluding Argentina, which is shown separately.

³ Excluding France, which is shown separately. ⁴ Less than 500,000 bushels.

⁵ Less than half of 1 percent.

Table 3.--WHEAT AND FLOUR: Destination of world exports, average
1956-60, annual 1961-62 and 1962-63

Destination	Average 1956-60		1961-62		1962-63 ¹	
	Total	Share	Total	Share	Total	Share
	<u>Million bushels</u>	<u>Percent</u>	<u>Million bushels</u>	<u>Percent</u>	<u>Million bushels</u>	<u>Percent</u>
North and Central America and Caribbean	42	3	60	3	59	4
South America.....	105	8	141	8	136	9
Western Europe.....	474	38	534	31	363	23
Eastern Europe.....	183	15	212	12	221	14
Africa.....	85	7	166	9	149	9
Asia.....	339	27	625	36	643	40
Oceania.....	11	1	9	1	10	1
Unspecified.....	12	1	2	(²)	5	(²)
World total.....	1,251	100	1,749	100	1,586	100

¹ Preliminary. ² Less than half of one percent.

Table 4.--BREAD GRAIN: U.S. exports by area of destination,
1961-62 and 1962-63

Destination	1961-62			1962-63		
	Wheat and flour	Rye	Total	Wheat and flour	Rye	Total
	<u>Million bushels</u>	<u>Million bushels</u>	<u>1,000 m. t.</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>1,000 m. t.</u>
North and Central America and Caribbean	27	(¹)	725.5	25	(¹)	680.9
South America	94	--	2,565.5	84	--	2,288.0
Western Europe	141	7	4,021.4	42	20	1,654.0
Eastern Europe	56	--	1,527.0	65	1	1,803.5
Africa	114	(¹)	3,104.4	100	--	2,727.2
Asia	286	(¹)	7,784.7	321	--	8,733.8
Oceania	(¹)	--	1.1	(¹)	--	1.5
Total	718	7	19,729.6	638	21	17,888.9

¹ Less than half a million bushels.

exports are currently forecast at 850 million bushels, including shipments to the Soviet Union and Bloc countries.

World and U.S. Exports, 1962-63

The world wheat and flour trade in 1962-63 showed a reverse of the upward trend including each year since 1957-58. The total exports amounted to 1,586 million bushels, a decrease of 9 percent from the 1,749 million bushels in 1961-62, but are slightly higher than 1960-61 exports. Shipments from all major exporting countries, except France, decreased in 1962-63.

Exports from the United States totaled 638 million bushels--down 11 percent from the previous year. Of this amount, 102 million bushels (wheat equivalent) were shipped as flour. Government-financed programs dominated the export picture during this year more than any previous one, accounting for 76 percent of the total. Large crops in many importing countries severely reduced commercial demand for U.S. wheat; also, the month-long dock strike in December 1961-January 1962 reduced the total.

The largest decrease in U.S. exports was to Western Europe, with the emphasis on smaller shipments to Spain and the Common Market countries. Africa and the Western Hemisphere also imported less U.S. wheat. In contrast, exports to Asia were substantially increased, particularly for India and Pakistan under Public Law 480.

Canadian exports were about 9 percent less than the 365 million bushels moved during July-June 1961-62. Shipments to Europe and Asia accounted for the greatest decrease, but were offset by increased exports to the Western Hemisphere and Africa.

Shipments from other major exporting countries--Australia, Argentina, and the USSR--totaled 425 million bushels, down 6 percent from the previous year. However, France, which has ranked sixth in total wheat exports in recent years, increased its exports over 40 million bushels. These increased exports went principally to Communist China and Soviet Bloc countries in Eastern Europe.

Developing Foreign Markets

The Foreign Agricultural Service continued its contractual market promotional activities with Great Plains Wheat, Inc., Millers' National Federation, and Western Wheat Associates. All three organizations continued to maintain a wide range of service and promotional functions, including economic surveys in selected countries.

An experimental program to market CCC Hard Red Winter wheat on an identity-preserved basis was launched in Western Europe. Buyers were supplied with type samples by Great Plains Wheat, Inc. from its Rotterdam office. Future sales will depend upon the results obtained from initial pilot-size orders and from the type samples. The I.P. program, as it is known, is designed to appeal to higher quality markets by reducing milling and baking performance risks that millers must face when importing wheat.

An important activity continued during the year was the sponsoring of trade teams, including government officials in many cases, to visit the United States. Six trade teams were brought to the United States by Great Plains Wheat during 1963 with one or more representatives from each of the following countries: Angola, Brazil, Chile, Colombia, Ecuador, Finland, France, Iraq, Morocco, Mozambique, Norway, Peru, and Portugal. Western Wheat Associates sponsored similar teams from Japan, Philippines, India, and Pakistan. In addition, Western Wheat Associates arranged for a technical team of bakers from Taipei to Tokyo for a training session on use of U.S. wheat.

A competition study of Australian wheat marketing was carried out late in the year by Western Wheat Associates, with one representative each of Great Plains Wheat, Inc. and FAS on the team. A similar study of Canadian wheat marketing was carried out by the latter organization two years ago.

During the period July through October 1963, a four-man FAS-sponsored team performed an evaluation of wheat market development in the principal importing countries of Europe and Asia. Two major objectives of the study were:

1. To inquire into the program of the Foreign Agricultural Service and its cooperators in implementing the stated purpose of Public Law 480, "to help develop new markets for U.S. agricultural commodities on a mutually benefiting basis," and to evaluate that program with particular attention to the development of actual or potential dollar markets.
2. To suggest expansion, contraction, elimination, or modification of existing programs and procedures in an effort to expand the sale of U.S. wheat abroad.

The Foreign Agricultural Service and the cooperators are considering the findings and recommendations of the evaluation team with a view of improving the effectiveness of the market development program.

An effort to promote dollar markets for bulgur, a pre-cooked cracked wheat product, was initiated in 1963 with the formation of Bulgur Associates, Inc., representing nine major manufacturers of this product. The new organization carries on foreign market development activities through the existing wheat cooperators, Great Plains Wheat, Inc. and Western Wheat Associates. The latter two groups were already engaged in bulgur promotion as a part of their wheat promotion activities.

Pilot programs to develop dollar markets for bulgur are underway in Liberia and Nigeria, Africa. Introduction of bulgur into the menus of school lunches and child feeding programs by governments and charitable institutions in Latin American countries under donation (Titles II and III of PL 480) programs is serving as a guide to public acceptance of bulgur where it has been unknown in the past. Studies are being made to determine potential markets as a basis for future activities.

Rice

World Production, 1963-64

World rice production in 1963-64 (August-July) excluding Communist Asia, is forecast at a record 154.3 million metric tons of rough rice. This is 3.9 million metric tons more than in 1962-63, when large crops in Asia were reduced by drought. It is 2 million tons above the more representative year of 2 years before.

Increased yields per acre more than offset a 3-percent decline in acreage. A comparison of the world's average yields per acre in 1963-64 with the 1955-56/1959-60 average reveals a 10-percent rise, or an additional 150-pound yield of rough rice for every acre harvested. This represents a continuation of an upward trend in rice output per land unit in all continents in recent years.

World rice acreage in 1963-64, not counting Communist Asia's, is estimated at 215 million acres, a decline of 4 million below 1962-63, but nearly 2 million larger than in 1961-62. The acreage showed a 12-million-acre gain over the average.

Late rains in some of the nations of southeast Asia that produce large crops caused a substantial decrease in acreage in 1963-64. However, upon arrival, the monsoons were ample for production of very good yields.

Table 5.--RICE (Rough): World production¹ by area, average 1955-60, annual 1961-62 through 1963-64

Continent	Average 1955-56/ 1959-60	1961-62	1962-63 ²	1963-64 ²
	Million <u>m. t.</u>	Million <u>m. t.</u>	Million <u>m. t.</u>	Million <u>m. t.</u>
North America	3.1	3.5	3.9	4.1
South America	5.5	7.2	7.7	7.5
Western Europe	1.6	1.5	1.4	1.4
Eastern Europe .....	.2	.1	.1	.1
USSR .....	.2	.2	.3	.2
Africa	4.3	4.3	5.3	5.6
Asia	116.4	135.4	131.5	135.2
Oceania .....	.1	.2	.2	.2
World total	131.4	152.4	150.4	154.3

¹ Excluding Mainland China, North Korea, and North Viet-nam.

² Preliminary.

Eighty-eight percent of the world's rice production, excluding Communist Asia, occurs in Asia. The size of the crops of its largest producers--also largest importers--strongly influences the trend in world production. Two of these--India and Pakistan--are expected to harvest better crops in 1963-64, and Japan has a near-record harvest.

On the other hand, production in Asia's exporting countries--always much smaller than in the importing countries--is at least 2 million tons below the bumper harvests of 1962-63; but they are slightly larger than in 1961-62, a more representative year. Offsetting these reductions are substantially larger stocks in Thailand and Burma, and total exports should be near the 1963 level.

World Exports, 1963

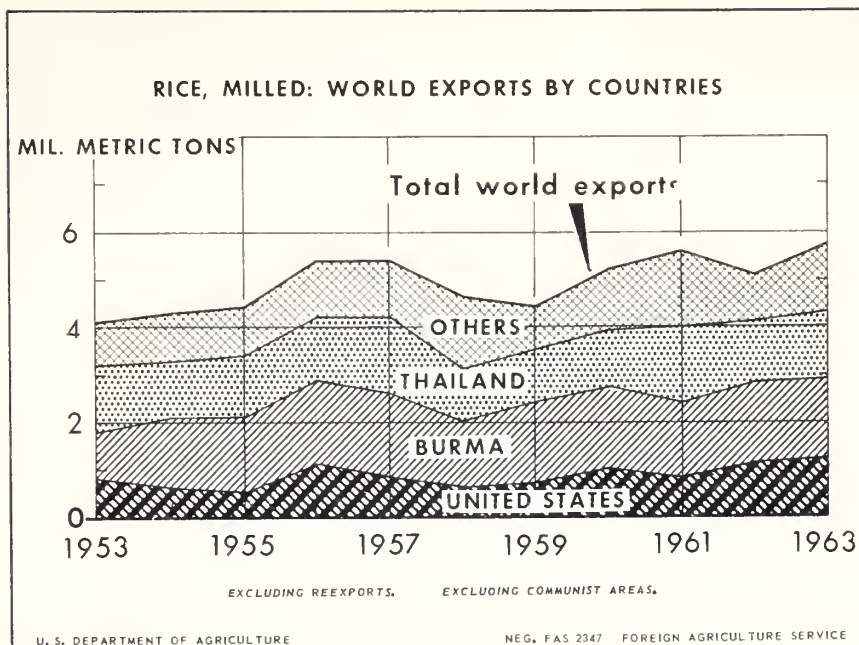
Preliminary data indicate that in 1963 international trade in rice increased about 9 percent (500,000 tons) over the reduced level of the preceding 2 years. It is possible that, for the first time in 3 years, exports exceeded the 1956-60 average.

The gain was caused by larger shipments of the principal exporters of Asia as the result of bumper rice crops in 1962-63 and a sharp rise in the exports of Egypt.

Table 6.--RICE (Milled): World exports¹ by area, average 1956-60, annual 1960-62

Area	Average 1956-60	1960	1961	1962
	1,000 <u>m. t.</u>	1,000 <u>m. t.</u>	1,000 <u>m. t.</u>	1,000 <u>m. t.</u>
North and Central America and Caribbean.....	819.8	1,003.4	851.2	1,120.5
United States' share.....	(810.7)	(997.0)	(835.1)	(1,050.3)
South America.....	148.4	124.5	320.3	205.6
Europe (Western and Eastern)...	420.8	369.2	390.2	330.1
USSR (Europe and Asia).....	24.0	19.8	0.6	11.8
Africa.....	299.0	320.2	265.4	282.1
Asia.....	4,912.9	5,245.6	4,293.0	4,257.0
Oceania.....	45.8	70.1	71.1	76.5
World total.....	6,670.7	7,152.8	6,192.0	6,284.0
Non-Communist countries....	5,330.5	5,614.9	5,783.0	5,671.0
Communist countries.....	1,340.2	1,537.9	409.0	613.0

¹ Including reexports.



The record level exports of the Western Hemisphere during 1962 were maintained as larger exports from the United States offset slight declines in other countries. Estimated exports of Europe decreased about 5 percent.

U.S. Exports, 1962-63

Exports from the United States in the 1962-63 rice marketing year were considerably higher than the levels of the preceding two years. The 1.14 million metric tons (milled rice equivalent) exported in 1962-63 were only 40,000 tons below the record exports in 1956-57. The high level of exports in 1962-63 was caused primarily by increase in dollar sales to Western Hemisphere countries and heavy exports under sales for foreign currencies (Title I, PL 480), principally to India and Indonesia.

U.S. rice exports in 1962-63 of 204,400 metric tons to Africa were about the same as in 1961-62, and practically all of these shipments were through commercial transactions (sales for dollars).

Exports to Europe in 1962-63 decreased about 49,300 metric tons from the 200,000 tons exported to European countries in 1961-62. Poland did not import rice from the United States in 1962-63, and reduced amounts were shipped to West Germany and Netherlands, primarily because in 1961-62 these countries bought heavily near the end of the marketing year in anticipation of a CAP for rice in the EEC.

Table 7.--RICE (Milled): Total U.S. exports by area of destination,
1958-59 through 1962-63

Destination	1958-59	1959-60	1960-61	1961-62	1962-63
	<u>1,000</u> <u>m. t.</u>	<u>1,000</u> <u>m. t.</u>	<u>1,000</u> <u>m. t.</u>	<u>1,000</u> <u>m. t.</u>	<u>1,000</u> <u>m. t.</u>
Western Hemisphere....	223.0	228.1	66.6	64.7	122.6
Europe.....	114.9	102.8	123.6	200.0	150.7
Asia.....	210.8	455.9	564.7	474.4	660.6
Africa.....	71.2	69.3	127.7	204.0	204.4
Oceania.....	2.3	2.9	3.1	4.3	6.3
Others.....	¹ 1.0	² 74.4	² 61.8	0	0
Total.....	632.2	933.4	947.5	947.4	1,144.6

¹ Not classified. ² Foreign donations included in this category.

U.S. Rice Export Prospects, 1963-64

During the first half of 1963-64, cash sales of rice were at about the same level as in the corresponding period in 1962-63. In both years there was a lag in comparison with 1961-62. Improvement is expected during the second half of the current rice marketing year.

Total U.S. exports of rice during July-June were about 113,430 metric tons (milled basis) higher than the same period of 1962-63 because of an increase in foreign currency sales (Title I, PL 480) and these should continue high during the remainder of this rice marketing year.

The outlook for 1963-1964 appears good and total exports should exceed those of 1963. As in the past year, cash sales are again subject to two factors: continuation of reasonably competitive prices; and the adoption of a CAP for rice in the Common Market.

Developing Foreign Markets

The U.S. Rice Export Development Association, in cooperation with USDA, in 1963 continued its rice market development work promoting the consumption of rice in a number of countries. Active campaigns in the promotion field were carried out in Belgium, Luxembourg, Denmark, Sweden, West Germany, and the Republic of South Africa. In early 1964, it is planned to extend this promotional work to the Middle East by establishing an office in Lebanon.

Modern methods and techniques of education that have proven successful are used by the Association representatives in consumer education in the use of rice. During 1964, more emphasis will be placed on direct advertising, and

several pilot projects have been approved to test this method of promoting the use of rice in the daily diet.

In late 1963, the Association's American supervisory and administrative personnel, formerly stationed in Washington, were transferred to Zurich, Switzerland, where an office has been established. This move should contribute materially to the overall efficiency and progress of the project by placing the Association's key supervisory and administrative personnel in closer contact with field representatives.

Feed Grains

World Production, 1963-64

World feed grain production for 1963-64 is estimated at 337 million metric tons, compared with 324 million in 1962 and the 1955-59 average of 295 million. A record corn crop is the outstanding feature of the current season, exceeding the previous record by about 500 million bushels. Barley production is also at a new high, being moderately above the previous record in 1962. Oats, in contrast, continued its downward trend to reach the lowest level of many years.

In addition to those feed grains, grain sorghum production in the United States was at a level that has been exceeded only once and is well above the 1962 out-turn. Little information is available on sorghum production in other parts of the world.

Table 8.--CORN: World production by geographical division, average 1955-59, annual 1961 to 1963

Geographical division	Average 1955-59	1961	1962	1963 ¹
	Million bushels	Million bushels	Million bushels	Million bushels
North America	3,515	3,940	3,952	4,416
Western Europe	267	340	290	380
Eastern Europe	550	575	605	615
USSR (Europe and Asia)	320	500	385	385
Asia	790	860	925	965
Africa	460	560	630	650
South America	560	675	680	650
Oceania	6	8	6	8
World total	6,470	7,460	7,475	8,070

¹ Preliminary.

World production of 8,070 million bushels of dried corn is notable in that this is the first time production has touched the 8-billion-bushel mark. The U.S. total of 4,081 million bushels accounts for more than half the world production. Harvested acreage in the United States was above the very low acreage of the 2 previous years but is, with that exception, the smallest of the present century. Yields averaged 67.3 bushels per acre, exceeding the previous high in 1962 by 3.1 bushels.

World barley production also set a new record this season, with an estimated 3,935 million bushels exceeding the previous record in 1962 by 60 million bushels. Acreage was the largest of record, mainly because of record plantings in Western Europe and in the Soviet Union.

Increased acreage is attributed to shifts of winter-killed wheat acreage to spring barley in both areas. Increased acreage was reported in a number of Western European countries, but the largest increase was in France with an increase of about a million acres over the 1962 acreage.

World oats production in 1963 is estimated at 3,175 million bushels, compared with the 1962 total of 3,435 million and the 1955-59 average of 4,080 million. A continuing downward trend in acreage accounts for the reduction. World acreage was 7 million acres below the 1962 total and about 38 million less than that during the 1955-59 period. Reductions are general, but by far the largest is in the Soviet Union; 1963 acreage there is estimated at somewhat less than half the 1955-59 average and is 5 million acres less than in 1962.

Table 9.--BARLEY: World production by geographical division,
average 1955-59, annual 1961 to 1963

Geographical division	Average 1955-59	1961	1962	1963 ¹
	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>
North America	671	516	605	620
Western Europe	800	1,012	1,167	1,245
Eastern Europe	250	293	305	295
USSR (Europe and Asia)	440	610	720	680
Asia	845	835	865	830
Africa	125	75	120	150
South America	76	65	50	70
Oceania	48	47	42	44
World total	3,255	3,455	3,875	3,935

¹ Preliminary.

Table 10.--OATS: World production by geographical division,
average 1955-59, annual 1961 to 1963

Geographical division	Average 1955-59	1961	1962	1963 ¹
	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>	<u>Million bushels</u>
North America	1,660	1,300	1,530	1,428
Western Europe	935	860	850	840
Eastern Europe	375	400	375	380
USSR (Europe and Asia)	845	600	440	275
Asia	105	100	105	105
Africa	15	13	14	14
South America	77	65	50	60
Oceania	66	71	71	70
World total	4,080	3,410	3,435	3,175

¹ Preliminary.

Grain sorghum production in the United States is estimated at 583 million bushels, second only to the 1960 outturn of 620 million. Harvested acreage was 2 million acres less than that harvested for the record crop, but yields were 9 percent larger.

World and U.S. Exports Prospects, 1963-64

World feed grain exports in 1963-64 are expected to exceed the record level set in 1961-62. This will be the third consecutive year that exports have exceeded 30 million tons.

The record European barley crop and the lower quality of this year's wheat crop will provide larger feed supplies for Western European countries. Import requirements are expected to continue large, however, and may exceed 1962-63 levels. The heavy wheat exports in prospect from the United States and Canada will tax transportation and shipping facilities and could affect the movement of feed grains during the balance of the year.

In addition, the general grain shortage in several European countries, especially the Soviet Bloc, could stimulate additional feed grain exports to those countries later in 1963-64 to supplement domestic supplies. Feed grain exports from Canada are expected to be smaller than last year's, while South Africa and Thailand have larger exportable corn supplies. Exports in July-December from Argentina were down, because of the small crops in 1963. Exports for the year, however, may be greater as the result of the good barley and oats crops recently harvested and good prospects for corn and sorghums. The United States will continue as the primary source of feed grains.

U.S. corn exports in 1962-63 were slightly above the record of the previous year. Exports in 1963-64 are expected to exceed the 10.5 million tons

shipped in 1962-63, particularly if Soviet Bloc countries enter the market for substantial quantities. Sorghum grain exports may decline slightly from the record 3 million tons of 1962-63. Barley and oat exports are expected to decline because of the larger barley crops in Western Europe and further reductions in U.S. supplies. However, because of a small crop, Japan will be a substantial importer of barley for the first time in several years.

Table 11.--FEED GRAINS: World exports by principal country,
average 1955-59, annual 1957 to 1962

Year (beginning July 1)	United States	Canada	Argentina	South Africa	Others	Total
	<u>1,000 m. t.</u>	<u>1,000 m. t.</u>	<u>1,000 m. t.</u>	<u>1,000 m. t.</u>	<u>1,000 m. t.</u>	<u>1,000 m. t.</u>
Average: 1955-59...	8,998	1,888	2,491	1,283	5,149	19,809
Annual:						
1957	8,448	2,155	2,283	1,292	5,498	19,676
1958	10,893	2,095	2,861	995	5,316	22,160
1959	11,593	1,396	3,953	720	6,076	23,738
1960	11,489	1,011	2,471	1,008	6,375	23,354
1961	14,673	1,091	3,514	1,730	9,867	30,875
1962 ¹	15,357	747	3,260	2,316	9,070	30,750

¹ Preliminary.

Table 12.--FEED GRAINS: World exports by destination, annual 1958-62

Destination	1958-59	1959-60	1960-61		1961-62	
			Total	Share	Total	Share
	<u>1,000 m. t.</u>	<u>1,000 m. t.</u>	<u>1,000 m. t.</u>	<u>Percent</u>	<u>1,000 m. t.</u>	<u>Percent</u>
North and Central						
America and Caribbean	1,565	1,324	1,520	7	2,336	8
South America.....	214	382	272	1	400	1
Western Europe.....	16,134	17,996	15,843	68	20,223	66
Eastern Europe.....	1,024	977	804	3	1,402	5
Africa.....	269	432	609	3	1,596	5
Asia.....	2,800	2,398	4,079	17	4,782	15
Oceania.....	3	1	16	(¹)	2	(¹)
Unspecified.....	151	228	211	1	134	(¹)
World total.....	22,160	23,738	23,354	100	30,875	100

¹ Less than half of 1 percent.

While Canada has much larger supplies of barley and oats this year than last, exports are expected to be restricted, leaving transportation facilities free for heavy wheat exports.

World and U.S. Exports, 1962-63

World feed grain exports in 1962-63 show little change from the previous year in total, but those from Canada, Australia and Argentina decreased 15 percent while shipments from the United States, South Africa and minor exporting countries showed an increase.

Canadian total feed grain exports continued to decline; however, oats exports went against the trend and increased considerably. Exports of all feed grains totaled 747,000 tons, 32 percent below 1961-62.

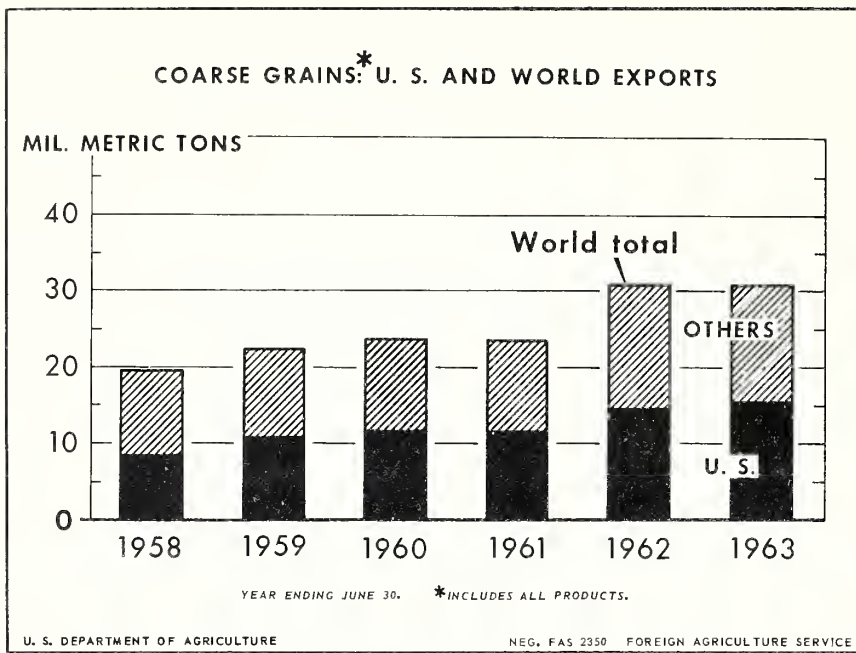
Barley shipments totaled 228,000 tons, a decrease of 75 percent from fiscal year 1961-62. A very sharp drop occurred in shipments to Mainland China, while a slight decrease was noticed in the European countries.

The increased trade in oats from 47,000 tons to 318,000 tons, was due principally to the demand in Europe, especially to the countries of the Common Market.

Table 13.--FEED GRAINS: U.S. exports by area of destination, 1961-62 and 1962-63

Year and destination	Corn and corn products	Oats and oatmeal	Barley and malt	Grain sorghums	Total
	1,000 m. t.	1,000 m. t.	1,000 m. t.	1,000 m. t.	1,000 m. t.
1961-62					
Western Hemisphere.....	1,647	118	153	61	1,979
Europe.....	6,580	186	1,357	1,561	9,684
Africa.....	716	1	293	60	1,070
Asia.....	1,411	1	30	498	1,940
Oceania.....	(¹)	--	--	--	(¹)
Total.....	10,355	306	1,833	2,179	14,673
1962-63 ²					
Western Hemisphere.....	2,134	25	175	188	2,522
Europe.....	6,689	329	983	2,072	10,073
Africa.....	321	1	25	26	373
Asia.....	1,370	1	286	732	2,389
Oceania.....	(¹)	(¹)	--	--	(¹)
Total.....	10,514	356	1,469	3,018	15,357

¹ Less than 1,000 metric tons. ² Preliminary.



Argentina exports of feed grains decreased 7 percent in fiscal 1962-63. Corn shipments were 21 percent larger, because of a large harvest and an increased demand from the Common Market countries, especially Belgium-Luxembourg, France and Italy. Shipments of the smaller grains were substantially below those of last year.

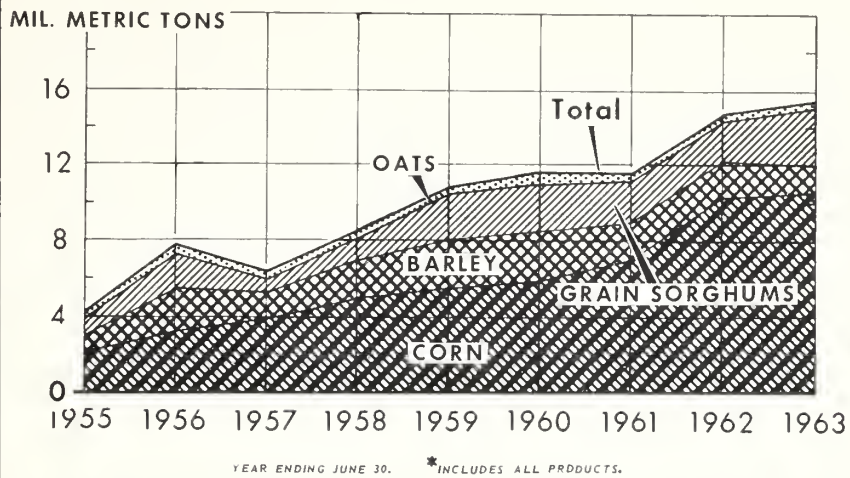
Although world exports of feed grains dropped off slightly (less than 1 percent) in the fiscal year 1962-63, U.S. feed grain exports rose to a new record 15.4 million tons, about 5 percent over 1961-62. During 1962-63, U.S. exports accounted for 50 percent of the total world exports, compared with 48 percent in 1961-62, 49 percent in 1960-61, and 45 percent for the 1955-59 average.

Besides the U.S., the Republic of South Africa was the only country to show a material increase in exports during 1962-63. Republic of South Africa's exports have increased sharply in recent years, totaling 2.3 million tons in 1962-63, 1.7 million in 1961-62, and 1.0 million in 1960-61.

The record U.S. exports during 1962-63 reflects the growing demand for grains to support the expansion of livestock industries in many countries such as those of Western Europe and Japan. Corn continues to have the largest share of feed grains exported, but sorghums showed the greatest increase over the previous year. Corn exports increased 2 percent, while sorghums increased 38 percent during the period.

Exports of U.S. feed grains to the Common Market countries increased during 1962-63, and were about two-fifths of the total feed grain exported.

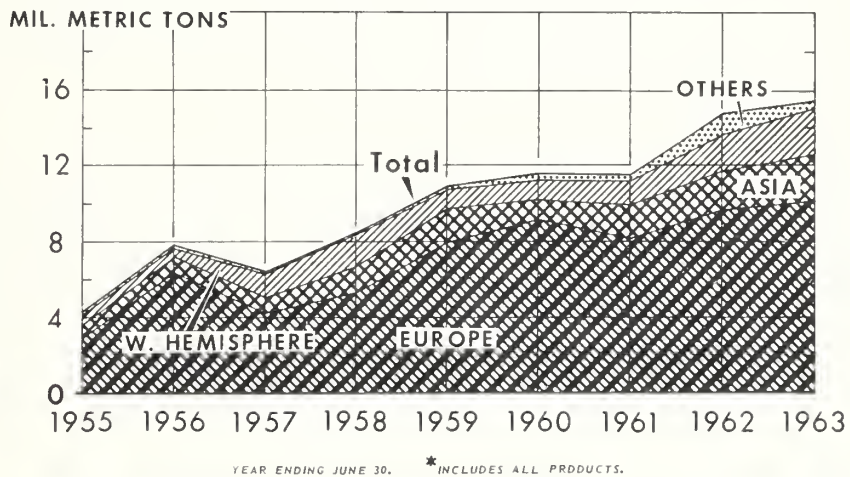
COARSE GRAINS: *U. S. EXPORTS BY COMMODITIES



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2351 FOREIGN AGRICULTURE SERVICE

COARSE GRAINS: *U. S. EXPORTS BY AREA OF DESTINATION



U. S. DEPARTMENT OF AGRICULTURE

NEG. FAS 2352 FOREIGN AGRICULTURE SERVICE

The Netherlands, largest buyer of U.S. feed grains in recent years, was a market for 2.5 million tons in 1962-63. U.S. exports to Italy have increased sharply each year since 1959-60 and exceeded 1 million tons in 1962-63, more than doubling the level of 1961-62.

U.S. exports of oats totaled 276,000 tons to EEC in 1962-63, 57 percent more than the quantity shipped in 1961-62. Sorghum grain exports also were higher by 5 percent, but barley lower by 25 percent.

Most of the U.S. feed grains exported in 1962-63 continued to be shipped without Government aid. Over 13 million metric tons, or more than 86 percent of total feed grains exported, were shipped to commercial markets, for cash or short-term credit. No export payment program was needed for feed grains in 1962-63, as domestic market prices were inline with world markets. Feed grains totaling 2.1 million tons were shipped under PL 480 last year. About 42 percent was sold for foreign currency under Title I, and 18 percent was donated for relief purposes under Title III. Other programs, including barter, accounted for the balance. Since 1959-60, no oats have been exported under Public Law 480 programs.

Market Promotion Program for Feed Grains

The Foreign Agricultural Service's overseas market development program for feed grains is carried out in cooperation with the U.S. Feed Grains Council. Promotional work has been confined primarily to the dollar markets.

A "market problems" office is maintained in Rotterdam headed by a grain marketing specialist. This office works closely with grain trade in solution of trade problems involving imports of U.S. grains. Through the work of this office, the European grain trade has attained a more thorough understanding of our grain grading system and U.S. grain trade practices. The Rotterdam office keeps in close touch with Brussels on the developing regulations and policies in the EEC.

Chief emphasis of the promotional work in most countries in which active programs are being carried out is on feed utilization. Programs are designed to increase feeding of mixed feeds to livestock and poultry; to improve the quality of rations, with special emphasis on high energy feeds; and to expand livestock production. Such programs include feeding demonstrations, seminars, exhibits at agricultural fairs, distribution of technical information on livestock and poultry feeding, and technical aid in solving problems arising in animal production. Key technicians have been brought to the United States to observe the operation and methods used by our grain trade and to study United States methods of livestock production.

Programs differ in various areas depending upon needs. In the United Kingdom, which is one of our largest feed grain markets, the feed industry is well-organized and well-informed. Here the program emphasis is largely on service and public relations. The program in Italy is chiefly involved in work with the actual users of feeds in developing livestock and poultry industries. Work in Germany is centered mainly around assistance and advice

in feed formulation, with emphasis on high-energy feeds and improved efficiency in the livestock industry. In Colombia, Greece, and Spain, where the livestock feeding industries are less advanced than in other market areas, the programs are aimed at increasing the level and efficiency of livestock feeding through feeding demonstrations and supplying technical aid and information.

The market development program in Japan, the world's fastest growing feed grain market, is of very wide scope. Programs are carried on in improvement of livestock and poultry rations, technical aid to importers and feed manufacturers, training of nutritionists, and technical aid to livestock feeders. Also, in Japan a very active program to promote the consumption of livestock and poultry products is in operation.

DRY EDIBLE BEANS AND PEAS

Total dry bean and pea production in the reporting countries of the world were near the levels of a year ago. Increases in some areas were offset by decreases in others.

Outstanding developments in the 1963 season were (1) a wet harvest in Western Europe which damaged and reduced the pea and bean harvests there; (2) reported drought in Communist East Europe, which promises to eliminate bean exports from that area; (3) fire, flood, and drought in some bean-producing areas of Brazil, which forebodes a bean shortage in Brazilian cities during February-May 1964; (4) short bean crops in Venezuela and in part of Central America which suggests imports in 1964; (5) alltime record bean crops in the United States and in Mexico and (6) the largest dry pea crop in the United States since 1947.

Beans

World Production, 1963-64

The 1963 bean production in 31 reporting countries is estimated at 101 million bags of 100 pounds. This is slightly up from last year's 99.5 million bags for these same countries, but 10 percent above the 1955-59 average.

Production in unreported areas, particularly in Africa, Communist China, and East Europe probably would bring the world total production up to nearly 130 to 140 million bags. (This production cannot be included in the annual summary table, because it is not reported on a continuing basis.)

While 1963 production in the reporting countries was approximately the same as in 1962, there were differences in certain areas. In North America, for example, where the United States and Mexico produced 36 million out of the total of 40 million bags, the 1963 crop was up nearly 3 million bags. The opposite occurred in South America where Brazil produced 36 million out of a total of 41 million bags, with the continental 1963 outturn 2.2 million bags below 1962.

Table 14.--DRY EDIBLE BEANS: Acreage and production by area in reporting areas, average 1955-59, annual 1962 and 1963

Area	Acreage			Production		
	Average 1955-59	1962	1963	Average 1955-59	1962	1963
	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>acres</u>	1,000 <u>bags¹</u>	1,000 <u>bags¹</u>	1,000 <u>bags¹</u>
North America ...	5,311	6,606	6,614	31,604	37,956	40,759
Europe	3,130	3,090	3,088	14,808	14,240	13,903
Asia	521	495	555	5,474	5,022	6,213
South America ...	6,381	7,518	6,762	39,178	43,286	41,036
Total	15,343	17,709	17,019	91,064	100,504	101,911

¹ Bags of 100 pounds.

Western Europe also reported a smaller 1963 outturn, particularly in France and Yugoslavia. European production on the whole was below the 1955-59 average by almost 1 million bags. Since this is a net importing area, the effect on international trade is important.

Japan and Turkey, the two largest reporting bean producers in Asia, both report sharp increases over 1962 and also over the 1955-59 average.

While definitive data are not available from behind the Iron Curtain, there appears little doubt that there is a bean shortage. This is evidenced by known drought in the area in 1963, by reported drought in countries nearby, and by lack of the normal export offers this season.

The 1963 crop was short in Venezuela, but a supply of 6,400 metric tons of Tortola beans has accumulated in Chile under the Government's 1963 price support operations. The Chilean Government is now seeking export outlet for these beans.

World and U.S. Export Prospects, 1963-64

In view of the below-normal production in Western Europe this year, the shortage of exportable beans from Eastern Europe, and the record crop in the United States--particularly of white beans--the U.S. export trade outlook is good. In fact, the movement of beans from the United States to Europe has been under way since last May. It promises to reach record proportions before the marketing year end in August 1964. If Brazil undertakes imports in early 1964, this will add to the demand on international supply. In view of reports from Venezuela, demand there undoubtedly will be strong this year. This may have a marked effect on colored beans because of rather limited supply.

Peas

World Production, 1963-64

Dry pea production in 19 reporting countries totaled 12.9 million bags in 1963, approximately the same as in 1962 but 1.4 million bags below the 1955-59 average.

These figures represent only about 10 percent of the total world dry pea production. India and China together produce, at latest information, nearly 75 million bags annually. Smaller quantities are produced in Communist East Europe and in Africa. (None of this output is reported on a continuing basis, so it is not included in the table on production of dry peas.)

Unique about this year's output in reporting countries is its similarity with last year's. The 1963 estimate is approximately the same as in 1962 in North America, South America, Western Europe, Asia and also Morocco.

The major exception to this noted similarity was in the Netherlands, where the 1963 output was 200,000 bags, or 13 percent below 1962. The Netherlands is the second largest producer among the reporting countries--second only to the United States. This decrease in the Netherlands was almost totally offset by several small increases elsewhere in Europe, particularly 100,000 bags in the United Kingdom. Notwithstanding the increase in the United Kingdom, the 1963 crop there was only half the 1955-59 average.

Table 15.--DRY EDIBLE PEAS: Acreage and production by area in reporting areas, average 1955-59, annual 1962 and 1963

Area	Acreage			Production		
	Average 1955-59	1962	1963	Average 1955-59	1962	1963
	<u>1,000 acres</u>	<u>1,000 acres</u>	<u>1,000 acres</u>	<u>1,000 bags¹</u>	<u>1,000 bags¹</u>	<u>1,000 bags¹</u>
North America ...	357	389	367	4,273	5,455	5,304
Europe	458	281	307	6,923	4,805	4,626
Asia	42	40	38	422	327	330
South America ...	209	230	245	1,250	1,657	1,660
Africa	124	154	148	500	770	755
Total	1,190	1,094	1,105	13,368	13,014	12,675

¹ Bags of 100 pounds.

The Netherlands and Western Europe generally experienced a wet harvest in 1963, which reduced quality.

The United States produced 5 million bags, the same as last year, and both crops were 1.5 million above the 1955-59 average. This has resulted in sizable carryovers of old-crop peas and has depressed prices. Farm prices have hovered near farmers' ideas of cost of production for most of the time since 1959.

World and U.S. Export Prospects, 1963-64

Of approximately 6 million bags of dry peas which move in international trade each year, the United States supplies more than a third and the Netherlands almost a third. The larger importers include the United Kingdom, which takes annually about 2 million bags, and West Germany, which imports approximately 1 million bags.

The smaller exporters include Morocco, Canada, and such nonreporting countries as Communist China and some countries in Communist East Europe. The smaller importers include Venezuela and a number of countries in Western Europe.

Thus, one-half to two-thirds of the world's trade in dry peas is conducted by the United States and the Netherlands as exporters and by the United Kingdom and West Germany as importers. Latin America produces few dry peas and, therefore, depends largely on the United States for imports.

There is every reason to expect continuation of normal exports to Latin America in 1964, but there is question whether exports to Europe will be maintained at last year's comparatively high level. During the first quarter of the current marketing year (August-October 1963), U.S. exports totaled 573,000 bags compared with 724,000 in the comparable quarter a year before. These are the smallest first-quarter shipments since 1958-59. U.S. producers and dealers have now been complaining of a dull export market for several months. The U.S. pea industry is experiencing low prices, a large crop, and large carryover stocks accumulated during several seasons.

Developing Foreign Markets for Pulses

The major efforts last year to expand foreign markets for U.S. beans and peas were directed toward the United Kingdom, the European Common Market, and Latin America. These three areas, in the order named, import the bulk of U.S. exports of these commodities.

Early in 1963, industry cooperators and the FAS sent a team of pea growers and dealers to Latin America. The latter found several canners in several countries which have begun canning of dry peas. A surprising interest and enthusiasm was found among the canners, and the team was convinced there is a large potential market if import controls can be relaxed

and money made available for importing. Work needs to be done on the production of better quality peas for canning and on the technical aspects of canning dry peas.

In the spring of 1963, the pea industry, together with the bean industry, cooperated with FAS in promotional activity in the London Trade Center. This undoubtedly will be followed in due course by additional market development in England, particularly for beans. This course will depend on developments in a program to be initiated early in 1964 in the EEC.

In October-November 1963, a U.S. bean-and-pea-industries booth was manned at the Amsterdam Food Fair and conferences were held with pulse importers and canners from each of the EEC countries and Switzerland concerning initiation of market promotion for beans and peas. As a result of this activity, the team recommended initiation of work in the Common Market early in 1964. The work will be started in France, where third party cooperation is immediately available through officers of the French Federation of Pulses. It is expected that the work will spread from France to other Common Market countries as experience in France may suggest.

The dry pea industry has asked for a market development agreement with FAS.

GRASS AND LEGUME SEEDS

World Production, 1963-64

Reliable data on production and carryover stocks of grass and legume seeds are not available for most countries. However, preliminary estimates indicate that global supplies for the 1963-64 marketing year will be considerably below those of the previous year and far below the average.

Production of grass and legume seeds in the United States was 7 percent below average in 1963, but slightly above the 1962 output. Stocks on June 30, 1963, were 31 percent below average, and 8 percent below those of the previous year. Initial seed supplies were smaller for the grasses and winter cover crops, but larger for the legumes. Average prices received by farmers for grass seeds were up nearly 50 percent, while legume seed prices were below those of 1962, with the exception of red clover, alsike clover, and lespedeza. The 1963 prices of red fescue seed, an important export item, were more than double those of the previous year.

Canadian production of many forage seed crops in 1963 was below average and less than that of 1962. Dry weather in Western Ontario and a strong demand for hay in Quebec were responsible for the relatively small seed crop in Eastern Canada. In Western Canada, forage crop seed production was adversely affected by excessive moisture in some areas and by drought in others. On the other hand, late-maturing legume seeds were favored with a long frost-free fall. Similar to the situation in the United States, growers' prices for most kinds of forage seeds, with the exception of alfalfa, are higher, particularly for timothy and creeping red fescue.

The 1963 production of forage seeds in Western Europe was substantially below average, and consequently most countries in that area have large import requirements for the 1963-64 crop year. West Germany, once our best market, has been importing substantial amounts from East European countries where prices are more attractive. France, our leading market in recent years, reported heavy beginning stocks on July 1, 1963, so that her requirements are lower for the 1963-64 season. The United Kingdom, Austria, the Netherlands, and Italy are expected to have larger-than-normal import requirements.

Japan's production is too small to satisfy the increasing demand and imports are expected to continue the upward trend of recent years.

U.S. Export Prospects, 1963-64

Grass and legume seed exports in the 1963-64 crop year are expected to total 50 million pounds as compared with 54.4 million in 1962-63. Exports during the first 5 months of the current crop year were about the same as

Table 16.--SEEDS: U.S. exports, quantity and value, averages 1950-54 and 1955-59, and annual 1960 to 1962

Year (Beginning July 1)	Grass and legume	Other field	Seed corn	Vegeta- bles	Sugar beet	Flower	Total
	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>	<u>1,000 pounds</u>
<u>Quantity</u>							
Average:							
1950-54.....	23,115	16,836	13,373	3,681	714	186	57,905
1955-59.....	40,989	11,204	23,595	4,380	483	238	80,884
Annual:							
1960.....	63,119	21,625	14,163	4,643	493	327	104,370
1961.....	49,379	26,408	14,251	5,468	460	335	96,301
1962.....	54,436	22,307	12,488	6,219	84	304	95,838
	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>	<u>1,000 dollars</u>
<u>Value</u>							
Average:							
1950-54	6,557	650	1,008	2,466	132	394	11,207
1955-59	10,432	768	2,139	3,345	105	571	17,360
Annual:							
1960.....	12,750	1,198	1,503	4,244	114	728	20,537
1961.....	10,829	1,500	1,456	4,294	106	741	18,926
1962.....	11,613	1,637	1,226	5,511	21	744	20,752

those during the corresponding period a year earlier, but short supplies and higher prices of some of the important grasses will result in lower exports of those items.

Developing Foreign Markets

The Foreign Agricultural Service entered into a cooperative agreement in September 1963 with the American Seed Trade Association for the purpose of accelerating the promotion of export markets for seeds. Projects to be undertaken under the agreement include exchange of technicians and trade personnel, demonstration seed trials, exhibits, and sales promotion.

The Secretary-General of the International Seed Federation (FIS) was brought to the United States in November 1964 to discuss seed trade developments in the Common Market Countries. Discussions were also held on problems arising from the general wide adoption of the Herbage Scheme by the Organization for Economic Cooperation and Development (OECD) of which the United States is a member along with 18 European countries, Canada and Japan.

Representatives of the seed trade have been sent to Europe to attend meetings of FIS and OECD to discuss certification standards, tariffs and regulatory measures adopted or proposed by FIS, OECD and the Common Market.

A seed trade promotion program was carried out in connection with the U.S. Trade Center in London in April and October. Direct contact between the U.S. and U.K. seed trade representatives, as well as with representatives of the two governments, brought about the solution to some trade problems and formed a basis upon which further promotion of U.S. seeds in the U.K. market can be carried out.

The exhibit material from the London Trade Center was later used at the Bologna Fair in Italy as a springboard for initiation of a seed promotion program in Italy.

Other promotional work included a seed exhibit at the Agricultural Fair in Amsterdam and distribution of seeds for test planting in various prospective market areas of the world.

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